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MEMORANDUM

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2002 NOV 26 A 11: 35

TO: THE COMMISSION

FROM: Utilities Division

AZ. CORP. COMMISSION  
DOCUMENT CONTROL

DATE: November 26, 2002

RE: QWEST CORPORATION – Failure to Implement Wholesale Rate  
Changes Ordered in Decision No. 64922 (Docket No. T-01051B-02-0871)

Docket No. T-00000A-00-0194 was opened in the year 2000 to address issues arising as a result of the Arizona District Court's decision in U S West v. Jennings, 46 F.Supp.2d 1004 (D. Ariz. 1999) and several Federal Communications Commission ("FCC") decisions affecting Qwest's wholesale pricing to competitors. Phase I of this proceeding was conducted on an expedited basis in order to comply with the FCC's geographical deaveraging requirements set forth in 47 C.F.R. Section 51.507(f). On July 25, 2000, the Arizona Corporation Commission ("Commission") issued an Opinion and Order in this case adopting interim geographically deaveraged Unbundled Network Element ("UNE") rates.

Phase II of this proceeding was designed to address issues raised by subsequent FCC orders and judicial decisions, and to establish permanent geographically deaveraged rates. On December 14, 2000, a Procedural Order was issued which stated that Qwest's existing UNE rates would also be reviewed in Phase II. The Phase II hearing commenced on July 16, 2001, and concluded on July 31, 2001. Initial post-hearing briefs were filed on August 31, 2001. Reply briefs were submitted on September 21, 2001.

On November 8, 2001, a Recommended Opinion and Order was issued. Various parties filed exceptions to the Recommended Opinion and Order, including Qwest. On March 8, 2002, a Supplement to the Recommended Opinion and Order was issued, and exceptions to the Supplement were filed by various parties, including Qwest. On April 11, 2002, the Commission conducted an Open Meeting to deliberate on the Recommended Order. A second Open Meeting was held on this matter on May 30, 2002. On June 12, 2002, the Commission adopted Decision No. 64922. Qwest filed a Notice of Compliance with Decision No. 64922 on June 26, 2002, which contained the price list agreed to by the parties. Qwest filed an Application for Rehearing on July 2, 2002. Qwest filed its revised Exhibit A to its Statement of Generally Available Terms and conditions on August 30, 2002. Qwest appealed the Commission's Opinion and Order (Decision No. 64922) to the Arizona District Court on August 21, 2002. Qwest's appeal is still pending. Qwest did not seek a stay of Decision 64922 with either the Commission or the Arizona District Court.

Qwest has not yet implemented the wholesale rate changes ordered by Decision No. 64922. On October 7, 2002, AT&T docketed with the Commission, a letter to Qwest in which AT&T complained that while the rates and charges adopted in Decision No. 64922 were to be effective immediately or on June 12, 2002, it was still being charged the old wholesale rates that had been superseded by Decision No. 64922.<sup>1</sup>

On October 16, 2002, Qwest responded that the implementation of Arizona wholesale rates was being dealt with as quickly and efficiently as possible and that based on current implementation schedules, it was projected that the Arizona ordered rates would be completed sometime in mid-December, 2002.<sup>2</sup> Qwest also stated that because of multiple orders from multiple dockets in different states, Qwest may not always be able to begin implementation immediately after a particular order is issued because it may be required to deal with other orders with earlier effective dates. It stated that it had numerous cost dockets and voluntary rate reductions associated with 271 filings, all of which were also being implemented this year.

On October 16, 2002, Staff sent data requests to Qwest regarding its delay in implementing the rates approved in Decision 64922.<sup>3</sup> In its responses to Staff's data requests, Qwest further stated that its implementation time for wholesale rate changes is approximately 60 business days, or almost 3 months. Qwest separately indicated to Staff that the average overall implementation time is 93 business days, or approximately 4 ½ months. However, if Qwest's projections are still accurate, it will take Qwest 6 months or longer to implement the new wholesale rates in Arizona.<sup>4</sup>

Because of the way its retail billing systems are structured, Staff believes that Qwest is able to implement retail rate changes in one billing cycle, or 30 business days. Further, Staff's 271 consultants report, after making inquiries of BellSouth, Verizon and SBC, that other Bell Operating Companies can implement wholesale rate changes within 30-45 days.

In addition to what appears to be underlying wholesale billing system design and rate change implementation process problems, Staff believes that Qwest appears to have intentionally delayed implementation of Decision No. 64922 until it could complete rate changes in 9 other states for which it had 271 applications pending at the federal level. Qwest did not notify the Commission of the delay in implementation of Decision No. 64922 or seek Commission approval to delay the Decision's implementation. By law, Qwest is not allowed to delay enforcement or implementation of a Commission Order without the Commission's authorization. Staff respectfully requests that the Commission issue:

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<sup>1</sup> October 7, 2002 Letter from Richard S. Wolters, Senior Attorney, AT&T, to Timothy Berg, Fennemore Craig, P.C. (Exhibit A attached).

<sup>2</sup> October 16, 2002 Letter from Timothy Berg, Fennemore Craig, P.C. to Richard S. Wolters, AT&T (Exhibit B attached).

<sup>3</sup> Staff's October 23, 2002 Data Requests to Qwest are attached as Exhibit C.

<sup>4</sup> Qwest's Responses to Staff's Data Requests are attached as Exhibit D.

- (1) An Order to Show Cause directing Qwest to show cause (1) why its failure to implement the rates required by Decision No. 64922 is not unlawful and unreasonable, (2) why its implementation of rates in the 9 other states with pending 271 applications at the FCC ahead of Arizona is not unreasonable, and (3) why its failure to notify the Commission of the delay and seek relief from the Order is not unreasonable.
- (2) An Order to Show Cause directing Qwest to show cause (1) why it should not be held in contempt of a Commission Order and assessed fines for failure to implement the rates approved in Decision No. 64922 within a reasonable amount of time; and (2) why it should not be held in contempt of a Commission Order and assessed fines for deliberately delaying implementation of the wholesale rate changes in Arizona until it had implemented the wholesale rate changes in at least 9 other states in which it has 271 applications pending at the FCC.
- (3) An Order to Show Cause directing Qwest to show cause why it should not be required to make billing systems and process changes that will enable it to implement wholesale rate changes within 30 business days.

Staff has attached a proposed Order to Show Cause and respectfully requests that Qwest be required to appear before the Arizona Corporation Commission at a time and place designated by the Hearing Division and show cause, if any, as specified in the Complaint and Order to Show Cause, which is attached hereto.



Ernest G. Johnson  
Director  
Utilities Division

EGJ:MJR:MAS:GHH

## BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL

Chairman

JIM IRVIN

Commissioner

MARC SPITZER

Commissioner

ARIZONA CORPORATION  
COMMISSION

Complainant,

v.

QWEST CORPORATION,  
Respondent,

DOCKET NO. T-01051B-02-0871

DECISION NO. \_\_\_\_\_

COMPLAINT  
AND  
ORDER TO SHOW CAUSEOpen Meeting  
December 2, 2002  
Phoenix, Arizona

## BY THE COMMISSION:

FINDINGS OF FACT

The Arizona Corporation Commission ("Commission" or "ACC") for its Complaint, alleges:

1. Complainant, Commission, is a branch of government of the State of Arizona, existing by virtue of Article XV of the Arizona Constitution. William A. Mundell, Jim Irvin and Marc Spitzer, are its qualified and elected Commissioners.

2. Respondent Qwest Corporation ("Qwest") is a public service corporation providing telecommunications service throughout much of Arizona. Qwest also is an Incumbent Local Exchange Carrier ("ILEC") and Bell Operating Company ("BOC") as defined in the Telecommunications Act of 1996 ("1996 Act"), and as such is subject to the provisions of Sections 251 and 252 of the 1996 Act.

3. Sections 251 and 252 of the 1996 Act established additional requirements and obligations on ILECs designed to allow Competitive Local Exchange Carriers ("CLEC") to use portions or all of the incumbent's network to provide services in competition with the ILEC. These requirements and obligations are set forth in Section 251(c) of the Act and require the

DECISION NO. \_\_\_\_\_

1 ILEC to provide to competitors interconnection, unbundled network elements ("UNE"), and  
2 telecommunications services for resale at wholesale rates on a nondiscriminatory basis.

3 4. The 1996 Act required the Federal Communications Commission ("FCC") to  
4 formulate rules to implement the 1996 Act. The FCC adopted rules, inter alia, implementing  
5 Section 251(d) which requires that the prices for interconnection and UNEs be calculated using a  
6 forward-looking cost methodology that is based on the ILEC's total element long-run  
7 incremental costs.

8 5. Under Section 252(d) of the 1996 Act, State commissions are to determine just  
9 and reasonable rates for interconnection of facilities and equipment for purposes of Subsection  
10 (c)(2) of Section 251, and just and reasonable rates for network elements for purposes of  
11 Subsection (c)(3); as well as the wholesale rates for telecommunications services available on a  
12 resale basis.

13 6. On January 30, 1998, after a lengthy arbitration proceeding, the Commission issued  
14 an Opinion and Order (Decision No. 60635) which established just and reasonable wholesale  
15 rates to be charged by Qwest to its competitors for interconnection and unbundled network  
16 elements, as well as resale discounts. Decision No. 60635, as well as several of the  
17 Commission's original arbitration decisions, were appealed to the Federal District Court for the  
18 District of Arizona. In U S West v. Jennings, 46 F.Supp.2d 1004 (D. Ariz. 1999), the Court  
19 upheld certain of the Commission's determinations and remanded others back to the Commission  
20 for further consideration.

21 7. Docket No. T-00000A-00-0194 was opened in 2000 to address issues arising as a  
22 result of the Arizona District Court's decision and several FCC decisions. Phase I of this  
23 proceeding was conducted on an expedited basis in order to comply with the FCC's geographical  
24 deaveraging requirements set forth in 47 C.F.R. Section 51.507(f). On July 25, 2000, the  
25 Commission issued an Opinion and Order in this case ("Phase I Order" or "Decision No.  
26 62753") adopting interim geographically deaveraged UNE rates.

27 8. Phase II of this proceeding was designed to address issues raised by subsequent  
28 FCC orders and judicial decisions, and to establish permanent geographically deaveraged rates.

1 On December 14, 2000, a Procedural Order was issued which stated that Qwest's existing UNE  
2 rates would also be reviewed in Phase II.

3 9. The Phase II hearing commenced on July 16, 2001, and concluded on July 31,  
4 2001. Initial post-hearing briefs were filed on August 31, 2001. Reply briefs were submitted on  
5 September 21, 2001.

6 10. On November 8, 2001, a Recommended Opinion and Order was issued. Various  
7 parties filed exceptions to the Recommended Opinion and Order, including Qwest. On March 8,  
8 2002, a Supplement to the Recommended Opinion and Order was issued, and exceptions to the  
9 Supplement were filed by various parties, including Qwest. On April 11, 2002, the Commission  
10 conducted an Open Meeting to deliberate on the Recommended Order. A second Open Meeting  
11 was held on this matter on May 30, 2002. On June 12, 2002, the Commission adopted Decision  
12 No. 64922. Qwest filed a Notice of Compliance with Decision 64922 on June 26, 2002, which  
13 contained the price list agreed to by the parties. Qwest filed an Application for Rehearing on  
14 July 2, 2002. Qwest filed its revised Exhibit A to its Statement of Generally Available Terms  
15 and Conditions on August 30, 2002.

16 11. Qwest appealed the Commission's Opinion and Order (Decision No. 64922) to  
17 the Arizona District Court on August 21, 2002. Qwest's appeal is still pending with the District  
18 Court. Qwest did not seek a stay of the effectiveness of Decision No. 64922 with either the  
19 Commission or the District Court for the District of Arizona.

20 12. Ordering Paragraph 5 of Decision No. 64922 provided that the rates and charges  
21 approved in the Order were effective immediately, or on June 12, 2002. Nonetheless, Qwest has  
22 not yet implemented the rates and charges approved in Decision No. 64922.

23 13. The Commission Staff first became aware of Qwest's noncompliance on October  
24 7, 2002, when AT&T filed with the Commission a letter to Qwest inquiring why it was still  
25 being charged the old wholesale rates that had been superseded by Decision No. 64922.

26 14. On October 16, 2002, Qwest responded that the implementation of Arizona  
27 wholesale rates was being dealt with as quickly and efficiently as possible and that based on  
28 current implementation schedules, the Arizona ordered rates would be completed sometime in

1 mid-December, 2002. Qwest also stated that because of multiple orders from multiple dockets,  
2 Qwest may not always be able to begin implementation immediately after a particular order is  
3 issued because it may be required to deal with other orders with earlier effective dates. It stated  
4 that it had numerous cost dockets and voluntary rate reductions associated with 271 filings, all of  
5 which are also being implemented this year.

6 15. On October 23, 2002, Staff sent Qwest data requests relating to its noncompliance  
7 with Decision No. 64922. On October 25, 2002, Qwest submitted its responses to the Staff's  
8 data requests.

9 16. Qwest stated in its data responses that its overall implementation time for  
10 wholesale rate changes is approximately 60 business days, or approximately 3 months. Qwest  
11 separately indicated to Staff that its overall average time to implement wholesale rate changes is  
12 93 business days, or approximately 4 ½ months. Yet, Qwest also stated in response to Staff data  
13 requests that it would be unable to implement the Arizona wholesale rates approved in Decision  
14 No. 64922 until mid-December, 2002, approximately 6 months, or 135 business days, after the  
15 effective date of the Commission's Order. It is unknown at this time whether Qwest will achieve  
16 its projected implementation date of mid-December, 2002.

17 17. Qwest's data responses also indicated that its wholesale rate systems and  
18 processes are manual, in part and as a result, cumbersome and much different than the processes  
19 that Qwest utilizes to implement its retail rate changes.

20 18. Qwest's Attachment B submitted in response to Staff Data Request 22-292(a)  
21 indicates that Qwest also appears to have prioritized its implementation of wholesale rate  
22 changes according to whether or not Qwest had a 271 application pending at the federal level for  
23 the particular state in question, and not according to the approval date of the rates by the various  
24 State commissions in its 14-state region. This, combined with the other factors discussed above,  
25 resulted in a significant delay in the implementation of Arizona's new wholesale rates, without  
26 Commission knowledge or approval.

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**CLAIMS**

**Count I**

(Failure to Implement Wholesale Rate Changes Ordered in Decision  
No. 64922 within a Reasonable Period of Time)

19. Ordering paragraph 5 of Decision No. 64922 provides that "...the rates and charges approved herein shall be effective immediately." Decision No. 64922 was released on June 12, 2002.

20. Qwest has not yet implemented the new wholesale rates adopted in Decision No. 64922.

21. Staff submits that Qwest's failure to implement the wholesale rate changes required by Decision No. 64922 was in part deliberate and violates state law since Qwest acted unilaterally to delay implementation of the Commission's Order without Commission approval.

22. Qwest was required to implement the rates, effective immediately, within a reasonable amount of time. Staff submits that probable cause exists to believe that Qwest caused an unreasonable delay in implementation of the Arizona rates by putting other state rate changes approved after Decision No. 64922 ahead of Arizona. In addition, another contributing factor is that Qwest has structured its systems and processes such that implementation of wholesale rate changes is a cumbersome, manual process requiring more time than is reasonable or necessary.

23. When compared with its own average wholesale rate implementation period, its retail rate implementation period, the implementation periods of wholesale rate changes in the 14-state region as a whole, and when compared to the wholesale rate implementation policies of other BOCs, Qwest's failure to implement the new wholesale rates in Arizona to-date cannot be justified.

24. In its data responses, Qwest stated that it took approximately 60 business days (almost 3 months) to accomplish the three phases involved in implementing wholesale rate changes. Qwest also stated to Staff that its actual average time period for implementing wholesale rate changes is 93 business days (almost 4½ months). Qwest's projected



1 implementation of the new wholesale rates in Arizona in 6 months (or longer) is unreasonable  
2 when compared to these internal Qwest standards.

3 25. Qwest is able to implement retail rate changes in a much more streamlined  
4 fashion than wholesale rate changes. Upon information and belief, it is Staff's understanding  
5 that Qwest is able to implement retail rate changes within one billing cycle. By comparison,  
6 Qwest's implementation of its wholesale rate changes is a cumbersome, manual process which  
7 significantly extends the time involved to implement and bill new rates to CLECs. Qwest has  
8 not provided any persuasive justification for the disparate processes used for the implementation  
9 of its retail and wholesale rate changes, and Staff believes that Qwest's wholesale process is  
10 unreasonable.

11 26. Qwest's responses to Staff's data requests indicate that Qwest has implemented  
12 the rate changes associated with its 9 pending 271 applications at the FCC prior to  
13 implementation of the rate changes required by Decision No. 64922, even though some of the  
14 new rates approved in these 9 states were approved after Decision No. 64922 became effective.

15 27. Qwest, by prioritizing recent wholesale rate changes region-wide in accordance  
16 with its 271 applications pending at the FCC, acted intentionally and deliberately to further delay  
17 implementation of a Commission Order which required Qwest to implement the new wholesale  
18 rates in Arizona, effective immediately.

19 28. Informal inquiries to other Bell Operating Companies by Staff's 271 consultants  
20 indicate that other BOCs are able to implement wholesale rate changes within 30 to 45 days.  
21 Qwest's implementation period of between 3 to 6 months (or potentially longer than 6 months in  
22 this case) is unreasonable.

### 23 Count II

24 (Failure to Notify the commission of Rate Implementation Delay and to  
Obtain Commission Approval of the Delay in Implementation)

25 29. A.R.S. Section 40-253 states that "[a]n application for rehearing shall not excuse  
26 any person from complying with and obeying any order or decision, or any requirements of any  
27 order or decision of the commission theretofore made, or operate in any manner to stay or  
28

1 postpone enforcement thereof except in such cases and upon such terms as the commission by  
2 order directs.”

3 30. While Qwest filed an application for rehearing, its application was not granted  
4 and Qwest did not seek a stay of the Commission’s Order with either the Commission or the  
5 Arizona District Court.

6 31. In addition, Qwest did not seek relief from the Commission’s Order by requesting  
7 that the implementation date be delayed or postponed.

8 32. Staff believes that Qwest, through its actions, acted unilaterally to stay or  
9 postpone enforcement of Decision No. 64922, and Qwest did so without informing the  
10 Commission or requesting its approval.

11 **Count III**

12 (Unreasonable Wholesale Rate Change Systems Design and Process)

13 33. Qwest implements its wholesale rate changes on a CLEC by CLEC basis which  
14 interjects a significant delay into the process once a rate change is ordered.

15 34. Qwest utilizes a much different, streamlined process for retail rate changes which  
16 allows those rate changes to be put into effect much sooner than its wholesale rate changes.  
17 Qwest has indicated in its discussions with Staff, that it is able to implement retail rate changes  
18 within one billing cycle. On the wholesale side, however, Qwest’s implementation of rate  
19 changes on a CLEC by CLEC basis calls into question the issue of why the wholesale and retail  
20 billing systems and rate change implementation processes are structured so differently with the  
21 result being a much more cumbersome and overall lengthy wholesale rate implementation  
22 process. Qwest’s wholesale rate change process is unreasonable when compared with its retail  
23 rate change process.

24 35. The inability of Qwest to make wholesale rate changes in a reasonable amount  
25 time and to charge accurate rates to CLECs creates an unlevel playing field and results in  
26 discriminatory treatment by Qwest relative to how it treats its retail customers. In addition, it  
27 results in discrimination between CLECs by giving new CLECs the rates immediately, but  
28

1 requiring existing CLECs to wait 6 months ( or longer) to be charged the new lower wholesale  
2 rates. The preceding issues have implications for application for 271 relief as well.

3 36. Moreover, upon information and belief, it takes much longer for Qwest to  
4 implement wholesale rate changes than other BOCs questioned by Staff's 271 consultants,  
5 including Verizon, SBC and BellSouth.

6 37. Given the importance of this issue, Qwest should be required to make changes to  
7 its wholesale billing rate change systems and processes to ensure comparability with its retail  
8 billing rate change systems and processes. Staff believes that Qwest wholesale systems and  
9 processes should be designed to enable the implementation of wholesale rate changes within 30  
10 business days.

11 **RELIEF REQUESTED**

12 Staff requested the following relief:

13 38. An ORDER TO SHOW CAUSE directing Qwest to show cause (1) why its failure  
14 to implement the rates required by Decision No. 64922 is not unlawful and unreasonable, (2)  
15 why its implementation of rates in the 9 other states with pending 271 applications at the FCC  
16 ahead of Arizona is not unreasonable, and (3) why its failure to notify the Commission of the  
17 delay and seek relief from the Order is not unreasonable.

18 39. An ORDER TO SHOW CAUSE directing Qwest to show cause (1) why it should  
19 not be held in contempt of a Commission Order and assessed fines for failure to implement the  
20 rates approved in Decision No. 64922 within a reasonable time; and (2) why it should not be held  
21 in contempt of a Commission Order and assessed fines for deliberately delaying implementation  
22 of the wholesale rate changes in Arizona until it had implemented the wholesale rate changes in  
23 at least 9 other states in which it has 271 applications pending at the FCC.

24 40. An ORDER TO SHOW CAUSE directing Qwest to show cause why it should not  
25 be required to implement billing systems and process changes that will enable wholesale rate  
26 changes to be implemented with 30 business days.

**CONCLUSIONS OF LAW**

1  
2           1.       Qwest is a public service corporation within the meaning of Article XV of the  
3 Arizona Constitution and is subject to the jurisdiction of the Commission.

4           2.       The Commission has jurisdiction over the subject matter of this Complaint and  
5 Order to Show Cause.

6           3.       The Commission has jurisdiction to hear complaints against public service  
7 corporations pursuant to A.R.S. Section 40.246. The Commission has jurisdiction to supervise  
8 and regulate public service corporations pursuant to Article XV of the Arizona Constitution and  
9 Title 40 of the Arizona Revised Statutes.

10          4.       Notice of this proceeding has been given in accordance with law.

11          5.       A.R.S. Section 40-253 states that "[a]n application for rehearing shall not excuse  
12 any person from complying with and obeying any order or decision, or any requirements of any  
13 order or decision of the commission theretofore made, or operate in any manner to stay or  
14 postpone enforcement thereof except in such cases and upon such terms as the commission by  
15 order directs."

16          6.       Decision No. 64922 became effective on June 12, 2002. Qwest has not yet  
17 implemented the new wholesale rates and charges approved in Decision No. 64922.

18          7.       Qwest did not obtain a stay of Commission Decision No. 64922, nor did Qwest at  
19 any time seek or obtain the Commission's approval to delay implementation of Commission  
20 Decision No. 64922.

21          8.       Probable cause exists to believe that Qwest intentionally and willfully delayed  
22 implementation of a Commission Order so that it could first implement wholesale rate changes in  
23 9 other states with 271 applications pending at the FCC. Qwest's wholesale systems and  
24 processes are also set up in such manner which preclude timely implementation of wholesale rate  
25 changes.

26          9.       The relief requested by Staff is reasonable. It is lawful and in the public interest  
27 to issue Staff's requested Order to Show Cause against the Respondent Qwest Corporation.  
28

**ORDER**

IT IS THEREFORE ORDERED that Qwest shall appear and show cause at a time and place designated by the Hearing Division (1) why its failure to implement the rates required by Decision No. 64922 is not unreasonable, (2) why its implementation of rates in the other states with pending 271 applications at the FCC ahead of Arizona is not unreasonable, and (3) why its failure to notify the Commission of the delay and seek relief from the Order is not unreasonable.

IT IS FURTHER ORDERED that Qwest shall appear and show cause at a time and place designated by the Hearing Division (1) why it should not be held in contempt of a Commission Order and assessed fines for failure to implement the rates approved in Decision No. 64922 within a reasonable amount of time; and (2) why it should not be held in contempt of a Commission Order and assessed fines for deliberately delaying implementation of the wholesale rate changes in Arizona until it had implemented the wholesale rate changes in at least 9 other states in which it has 271 applications pending at the FCC.

IT IS FURTHER ORDERED that Qwest shall appear and show cause at a time and place designated by the Hearing Division why it should not be required to implement billing systems and process changes that will enable wholesale rate changes to be implemented within 30 days.

IT IS FURTHER ORDERED that within 10 days of the effective date of this order, Qwest shall file an Answer to the Staff's Complaint.

IT IS FURTHER ORDERED that the Hearing Division shall schedule further appropriate proceedings.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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**BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C.  
McNEIL, executive Secretary of the Arizona  
Corporation Commission, have hereunto, set my  
hand and caused the official seal of this  
Commission to be affixed at the Capitol, in the city  
of Phoenix, this \_\_\_\_ day of \_\_\_\_\_, 2002.

---

BRIAN C. McNEIL  
Executive Secretary

DISSENT: \_\_\_\_\_

SERVICE LIST FOR:  
DOCKET NO.:

QWEST CORPORATION  
T-01051B-02-0871

Timothy Berg, Esq.  
FENNEMORE CRAIG  
3003 North Central Avenue  
Suite 2600  
Phoenix, Arizona 85012-2913


Mark Brown, Esq.  
QWEST CORPORATION  
3033 North 3<sup>rd</sup> Street  
Phoenix, Arizona 85012

**CERTIFICATE OF SERVICE**

I hereby certify that the enclosed Staff Memorandum and Proposed Complaint and Order to Show Cause were sent via facsimile and U.S. Mail, First Class, on November 26, 2002, to the parties listed below:

Timothy Berg, Esq.  
Fennemore Craig  
3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012

Mark Brown, Esq  
Qwest Corporation  
3033 North 3<sup>rd</sup> Street  
Phoenix, Arizona 85012

  
Deborah A. Amafal



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Richard S. Wolters  
Senior Attorney

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AZ CORP COMMISSION  
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October 7, 2002

Timothy Berg  
Fennemore Craig, P.C.  
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OCT 08 2002

RE: Phase II Opinion and Order  
Docket No. T-00000A-00-0194

LEGAL DIV.  
ARIZ. CORPORATION COMMISSION

Dear Mr. Berg,

On August 30, 2002, Qwest filed an update to Exhibit A in its Statement of Generally Available Terms and Conditions ("SGAT"), apparently to comply with the Arizona Corporation Commission's Decision No. 64922, dated June 12, 2002. AT&T continues to pay the rates superseded by Decision No. 64922, although the Decision states that the rates and charges that were approved shall be effective immediately.

A.R.S. § 40-253 states that "[a]n application for rehearing shall not excuse any person from complying with and obeying any order or decision, or any requirements of any order or decision of the commission theretofore made, or operate in any manner to stay or postpone enforcement thereof except in such cases and upon such terms as the commission by order directs." Qwest's application for rehearing was not granted, and the Commission has not granted a stay of its order. Furthermore, A.R.S. §§40-254 and 40-254.01 state that the Commission's order remain in effect pending the decision of any appeal.

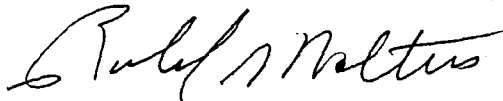
There is no legal basis for Qwest to continue to charge AT&T for rates that have been superseded by the Commission's Decision No. 64922. AT&T's right to receive the rates approved by the Commission is not contingent on opting into the SGAT but is based on the Commission's Decision. AT&T requests a refund for all relevant rates effective June 12, 2002, and requests that Qwest immediately commence billing AT&T pursuant to the Commission's June Decision.

## EXHIBIT A

Timothy Berg  
October 7, 2002  
Page 2 of 2

AT&T wishes to avoid enforcement proceedings; however, the sums are not inconsequential, and AT&T will do so if the matter cannot be resolved amicably.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard S. Wolters".

Richard S. Wolters

RSW:ls

Cc: Service List, Docket No.  
T-00000A-00-0194

EXHIBIT B

Legal

LAW OFFICES

FENNEMORE CRAIG

A PROFESSIONAL CORPORATION

RECEIVED  
2002 OCT 18 P 3:59

TIMOTHY BERG

Direct Phone: (602) 916-5421

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tberg@fclaw.com

OFFICES IN:

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October 16, 2002

BY TELECOPIER AND  
BY REGULAR MAIL

Richard S. Wolters  
AT&T Communications of the  
Mountain States  
1875 Lawrence Street, Suite 1503  
Denver, CO 80202

RECEIVED

OCT 21 2002

LEGAL DIV.  
ARIZ. CORPORATION COMMISSION

Re: Phase II Opinion and Order  
Docket No. T-00000A-00-0194

Dear Mr. Wolters:

I received your October 7, 2002 letter regarding AT&T's rates as set forth in the Arizona Corporation Commission Decision No. 64922 dated June 12, 2002. Qwest agrees with AT&T that the rates set forth in the Decision are effective as of June 12, 2002.

Qwest is currently in the process of implementing Decision No. 64922. Please be assured that Qwest will appropriately credit AT&T, and all other customers, for the billing differences between rates charged from the effective date through such time as Qwest implements fully its new billing and rates, as is the practice for all rate docket implementation efforts.

As I am sure you are aware, Qwest has had numerous cost dockets and voluntary rate reductions associated with 271 filings, all of which are also being implemented this year. The implementation of wholesale rates resulting from a generic cost docket is no small undertaking. Further, because of multiple orders from multiple dockets, Qwest may not always be able to begin implementation immediately after a particular order is issued because it may be required to deal with other orders with earlier effective dates. The implementation of the Arizona wholesale rates is being dealt with as quickly and efficiently as possible. Based on current implementation schedules, Qwest believes that implementation of Arizona ordered rates will be complete sometime in mid-December 2002. Again, upon completion, AT&T will receive a credit for interim rates paid over the ordered amount from the effective date of June 12, 2002.

FENNEMORE CRAIG

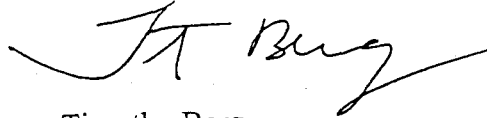
Richard S. Wolters  
October 16, 2002  
Page 2

While I understand AT&T's desire and Qwest's obligation to realize the new rates as ordered, I hope you will understand Qwest's position and recognize its efforts to process the new billing and rates as soon as practicable. It has come to my attention that AT&T has already approached the Arizona Corporation Commission regarding implementation of these rates prior to receiving a response from Qwest on this matter. As you are aware, billing disputes and rate implementation matters are subject to the escalation procedures contained in the interconnection agreement between Qwest and AT&T, and normally are addressed, at least initially, through that process. *See e.g.*, Qwest/AT&T Interconnection Agreement, Sections 26-27. I do not believe enforcement or other Commission proceedings are warranted since AT&T will be fully refunded for all amounts paid over the Commission ordered rates as stated above.

Please feel free to contact me with questions.

Sincerely,

FENNEMORE CRAIG

A handwritten signature in dark ink, appearing to read "Timothy Berg", with a stylized, flowing script.

Timothy Berg

cc: Maureen Scott

PHX/1348812.2/67817.240

# EXHIBIT C

## ARIZONA CORPORATION COMMISSION STAFF'S TWENTY-SECOND SET OF DATA REQUESTS TO QWEST CORPORATION DOCKET NO. T-00000A-00-0194

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*These requests pertain to Qwest Corporation's operations in the State of Arizona, unless otherwise specifically stated. If the information is not available in exactly the form requested, please provide the requested information in the form in which it is available.*

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In responding to the following data requests, please refer to Mr. Berg's October 16, 2002 letter to Mr. Richard S. Wolters.

- LD-288 Please describe in detail all steps necessary on Qwest's part to implement new wholesale rates in Arizona.
- LD-289 For each step listed in response to Question LD-288, please indicate the amount of time and the number of personnel involved.
- LD-290 Please indicate the organization responsible for implementing Qwest Arizona wholesale billing changes and where it is located. Please indicate whether the same organization and personnel are responsible for implementing Qwest's wholesale billing changes in other states. If so, what states?
- LD-291 In reference to the statement "Qwest may not always be able to begin implementation immediately after a particular order is issued because it may be required to deal with other orders with earlier effective dates," please respond to the following questions:
- a. Please list all orders referred to in the above statement.
  - b. Please provide the issue dates of all of the orders listed in response to Question LD-291(a) above.
  - c. Please provide the effective date of all of the orders listed in response to Question LD-291(a) above if that date differs from the issue date provided in Question LD-291(b).
  - d. Please indicate if any wholesale rate changes were implemented in any states voluntarily in conjunction with 271 applications now before the FCC or soon to be filed with the FCC. If the answer to this question is "yes", please indicate whether there was a state commission order which memorialized such voluntary changes. If there was no state commission order, please indicate in each case how Qwest determined the effective date of such rate changes.
  - e. By state, please provide the dates that wholesale rate changes have been implemented by Qwest to-date.

## EXHIBIT C

### ARIZONA CORPORATION COMMISSION STAFF'S TWENTY-SECOND SET OF DATA REQUESTS TO QWEST CORPORATION DOCKET NO. T-00000A-00-0194

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*These requests pertain to Qwest Corporation's operations in the State of Arizona, unless otherwise specifically stated. If the information is not available in exactly the form requested, please provide the requested information in the form in which it is available.*

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- f. By state, please provide the dates that wholesale rate changes were first billed to CLECs by Qwest to-date.
- g. For each order listed above, please indicate whether all wholesale rates in the particular state were effected by the order or agreement, or whether only certain wholesale rates changed. If only certain rates were affected, please indicate which rates were effected by order, i.e., loop rates, switching rates, resale discounts. Please indicate the number of rates affected for each state.

LD-292 The following questions relate to the statement, "Based on current implementation schedules, Qwest believes that implementation of Arizona ordered rates will be complete sometime in mid-December 2002":

- a. Please provide Qwest's "current implementation schedule" for all wholesale rates changes to be implemented in Arizona and any other Qwest states.
- b. Please indicate how it was determined by Qwest that the ordered rates in Arizona will not be implemented until mid-December 2002.

LD-293 Please list all states (including Arizona) where wholesale rates changes have been or are being implemented by Qwest in order of the date implemented or to be implemented.

LD-294 Have any wholesale rate reductions, whether as a result of voluntary agreement or commission order effective after June 12, 2002 been fully implemented by Qwest?

LD-295 If so, and assuming the Arizona rates in Decision 64922 have not yet been fully implemented, provide a detailed explanation of why other state rates effective after June 12, 2002, have been fully implemented, while rates ordered in Decision 64922 have not.

LD-296 Please refer to the following statement in responding to the next set of questions: "As you are aware, billing disputes and rate implementation matters are subject to the escalation procedures contained in the interconnection agreement between Qwest and AT&T, and normally are addressed, at least initially, through that process."

- a. Please indicate whether Qwest has implemented the new wholesale rates ordered by Decision 64922 for any CLEC in Arizona.

## EXHIBIT C

### ARIZONA CORPORATION COMMISSION STAFF'S TWENTY-SECOND SET OF DATA REQUESTS TO QWEST CORPORATION DOCKET NO. T-00000A-00-0194

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*These requests pertain to Qwest Corporation's operations in the State of Arizona, unless otherwise specifically stated. If the information is not available in exactly the form requested, please provide the requested information in the form in which it is available.*

---

- b. If the answer to question LD-296(a) is yes, please indicate for which CLECs Qwest has implemented the rates in Arizona and the date of implementation. If the answer to question LD-296(a) is yes, why would Qwest implement the rates for some CLECs but not others.
- c. Please indicate whether Qwest believes that its compliance with an ACC order is governed by the terms of an interconnection agreement with a specific carrier.

LD-297 Please indicate how long it took US West to fully implement the rates contained in ACC Decision 60635 issued on January 30, 1998.

LD-298 Does Qwest plan to compensate the CLECs for the delay in implementing the new rates? How?

LD-299 When did Qwest first notify the Commission that there would be a delay in implementation of the wholesale rates ordered in Decision 64922.

LD-300 What Commission Order is Qwest relying upon to stay or delay implementation of the wholesale rates ordered in Decision No. 64922.

LD -301 In reference to your statement that "AT&T will receive a credit for interim rates paid over the ordered amount from the effective date of June 12, 2002," upon what authority or Commission order does Qwest rely to declare that the current rates are interim rates.

EXHIBIT D



3033 North Third Street, Suite 1010  
Phoenix, Arizona 85012  
Office 602-630-8255  
Fax 602-235-3107

Monica Luckritz  
Manager - Policy and Law

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NOV 04 2002

LEGAL DIV.  
ARIZ. CORPORATION COMMISSION



November 1, 2002

Maureen A. Scott  
Attorney, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

Dear Ms. Scott:

Re: Qwest Corporation  
Docket No. T-00000A-00-0194

Enclosed please find Qwest Corporation's responses to STF 22-288, -289, -290, -291, -292, -293, -294, -295, -296, -297, -298, -299, -300 and -301 in Staff's twenty-second set of data requests in the above referenced docket. Portions of these responses may be proprietary and are provided pursuant to the terms of the Protective Agreement.

If you have questions, please contact me.

Very truly yours,

*Monica Luckritz*  
(M)

Enclosures



## EXHIBIT D

Arizona  
Docket No. T-00000A-00-0194  
STF 22-288

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 288

Please describe in detail all steps necessary on Qwest's part to implement new wholesale rates in Arizona.

### RESPONSE:

Implementation of a cost docket is an extremely complex undertaking. Qwest's cost docket implementation process consists of three (3) primary phases: the Initiation Phase, the Contract Implementation Phase, and the I.T. Rate Implementation Phase. Once these Phases are completed there is an additional work effort required to determine what, if any, true-up is required pursuant to the Commission's Decision or language in CLEC contracts.

The Initiation Phase occurs once the decision of the Commission in the cost docket becomes final. This Phase involves at least 13 individuals representing each of the business entities within Qwest that are charged with implementing the Commission's decision. The entities include representatives from Wholesale Product Management, Business Development and Contract Development & Services. During this Phase, the Commission's order is evaluated and analyzed to determine the scope of work necessary to implement each of the rates. Issues raised by the Decision are assigned for resolution within the appropriate business units, legal interpretation is provided and operational impacts are also addressed in this Phase. The rates are then mapped into existing CLEC contracts and the new rate information is sent on to the departments charged with posting the new rate information on internal websites, determining the application of the rates to each CLEC and preparing the necessary documentation to incorporate the new rates into the various billing systems. Twenty-five business days are normally scheduled for the work required in this Phase. However, that time period may vary depending on the size and scope of the docket to be implemented, the number of CLEC contracts to which the rates need to be applied, and the workload from implementation activities associated with cost dockets from other jurisdictions.

The Contract Implementation Phase involves over 23 individuals - again representing the business units responsible for the tasks necessary to complete this Phase including the Cost Docket Coordinator, the Contract Implementation Team for IABS, the Contract Implementation Team for CRIS, representatives from CPMC (collocation), Product Process representatives and the Program Management Organization. Activities include preparing the documents necessary to build new rate tables, performing quality and accuracy checks of the rate information, data entry associated with inputting the rates into the system, CLEC notification of updated rate sheets associated with their contract, creating documentation necessary for any new rate elements or structure changes, and determining cost of and establishing priority for the systems modifications. Twenty business days are normally scheduled for the work required in this Phase. Again, that time period may vary depending on the size and scope of the docket to be implemented, the number of CLEC contracts to which the rates need to be applied, and the workload from implementation activities associated with cost dockets from

## EXHIBIT D

other jurisdictions.

The I.T. Rate Implementation Phase involves at least 13 individuals representing the various billing systems (CRIS, IABS, LEXCIS). These individuals receive all of the documentation from work done in previous phases and are responsible for updating the system tables, making system modifications where necessary to accommodate the rate changes and completing the tasks necessary to have the new rates reflected on the CLEC bills. This Phase is normally scheduled for completion within 15 business days, with variance possible due to complexity or workload demands.

This wholesale rate implementation process is followed in all fourteen Qwest service states.

Respondent: Timothy Dowd

# EXHIBIT D

Arizona

Docket No. T-00000A-00-0194

STF 22-289

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 289

For each step listed in response to Question LD-288, please indicate the amount of time and the number of personnel involved.

RESPONSE:

See Qwest's response to LD-288.

Respondent: Timothy Dowd

# EXHIBIT D

Arizona  
Docket No. T-00000A-00-0194  
STF 22-290

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 290

Please indicate the organization responsible for implementing Qwest Arizona wholesale billing changes and where it is located. Please indicate whether the same organization and personnel are responsible for implementing Qwest's wholesale billing changes in other states. If so, what states?

RESPONSE:

See Qwest's response to LD-288.

Respondent: Cindy Pierson

# EXHIBIT D

Arizona  
Docket No. T-00000A-00-0194  
STF 22-291

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 291

In reference to the statement "Qwest may not always be able to begin implementation immediately after a particular order is issued because it may be required to deal with other orders with earlier effective dates," please respond to the following questions:

- a. Please list all orders referred to in the above statement.
- b. Please provide the issue dates of all of the orders listed in response to Question LD-291(a) above.
- c. Please provide the effective date of all of the orders listed in response to Question LD-291(a) above if that date differs from the issue date provided in Question LD-291(b).
- d. Please indicate if any wholesale rate changes were implemented in any states voluntarily in conjunction with 271 applications now before the FCC or soon to be filed with the FCC. If the answer to this question is "yes", please indicate whether there was a state commission order which memorialized such voluntary changes. If there was no state commission order, please indicate in each case how Qwest determined the effective date of such rate changes.
- e. By state, please provide the dates that wholesale rate changes have been implemented by Qwest to-date.
- f. By state, please provide the dates that wholesale rate changes were first billed to CLECs by Qwest to-date.
- g. For each order listed above, please indicate whether all wholesale rates in the particular state were effected by the order or agreement, or whether only certain wholesale rates changed. If only certain rates were affected, please indicate which rates were effected by order, i.e., loop rates, switching rates, resale discounts. Please indicate the number of rates affected for each state.

## RESPONSE:

Attachment A responds to parts (a)-(c), (e), and (g), and contains a listing of all ordered, issue and effective dates of all orders and rates effected by the Order.

(d). Qwest has filed voluntary rate reductions in conjunction with 271. Please see Attachment B in response to LD-292(a) which contains the states and information on the approval of those rates.

(f). Once the rates are loaded into the billing systems, the next bill the customer receives will reflect the new rates. Exact timing varies, depending on the customers billing period.

# EXHIBIT D

Respondent: Cindy Pierson

# EXHIBIT D

Commission Staff's 22nd Set of Data Requests

ARIZONA  
DOCKET NO. T-00000A-00-0194  
STF 22-291  
ATTACHMENT A

Rate Docket #	Order	Compliance Filing	Compliance Approval	Rate Effective Date	Billing Systems Imple.	True-up Complete	Comments
IA RPU-01-06  Resale, Interconnection, Collocation, UNEs, Subloop, Line Sharing, UDIT, Unbundled Dark Fiber, Local Sw., Common Channel Signaling, Misc. Elements, UNE Combination, EEL, D.A., Access to Poles, Ducts, Conduits, & ROW	03/22/02	04/05/02	04/30/02	04/26/02	08/16/02	09/16/02	Order issued approving compliance filing
NE 2516  Resale, Interconnection, Collocation, UNEs, Subloop, Line Sharing, NID, UDIT, Unbundled Dark Fiber, Shared Transport, Local Tandem Sw., Local Sw., Common Channel Signaling, LIDB, 8XX Data Query, ICNAM, Misc. Elements, UNE Combinations, EEL, Unbundled Packet Switching, Access to Poles, Ducts, Conduits & ROW, OSS, Bona Fide Request	04/23/02	05/03/02	06/05/02	06/07/02	08/02/02	09/03/02	Order issued approving compliance filing
CO 99A-577T  Resale, Interconnection, Collocation, UNEs, Subloop, Line Sharing, NID, UDIT, Unbundled Dark Fiber, Local Tandem Sw., Customized Routing, Common Channel Signaling, LIDB, 8XX Data Query, ICNAM, Misc. Elements, UNE Combinations, EEL, Local Number Portability, Toll & Assistance Opr Srv., Access to Poles, Ducts, Conduit & ROW, OSS, Bona Fide Request	12/21/01	04/26/02	06/06/02	06/05/02	10/08/02	10/31/02	Order issued approving compliance filing
UT 00-049-106  Collocation	04/03/02	5/1/02 5/17/02 8/22/02 8/30/02	5/8/02 10/22/02	07/10/02			10/22/02 approval verbal with a 7/10/02 effective date

## EXHIBIT D

## Commission Staff's 22nd Set of Data Requests

Rate Product #	Order	Compliance Filing	Compliance Approval	Rate Effective Date	Billing Systems Imple.	True-up Complete	Comments
UT 00-049-105  Resale, Interconnection, UNEs, Subloop, Line Sharing, NID, UDIT, Shared Transport, Local Tandem Sw., Local Sw., Customized Routing, Common Channel Signaling, LIDB, BXX Database Query, ICNAM, Misc. Srv., UNE Combinations, EEL, Access to Poles, Ducts, Conduits & ROW, OSS, Bona Fide Request	06/06/02	06/25/02	07/08/02	07/10/02			Order issued approving compliance filing
AZ Pt II T-0000A-00-0194  Resale, Interconnection, Collocation, UNEs, Subloop, Field Connection Point, Line Sharing, NID, UDIT, Unbundled Dark Fiber, Local Tandem Sw., Local Sw., Common Channel Signaling, BXX Database Query, ICNAM, Misc. Elements, UNE Platform, EEL, D.A. List, Access to Poles, Ducts, Conduits & ROW, OSS, Bona Fide Request Process	06/12/02	06/26/02	06/26/02	06/12/02			Compliance filing was by agreement of the parties. No order was issued approving the rates due to agreement by the parties
WY 70000-TA-01-700  Resale, Interconnection, Collocation, UNEs, Subloop, Line Sharing, NID, UDIT, Unbundled Dark Fiber, Shared Transport, Local Tandem Sw., Local Sw., Common Channel Signaling, LIDB, BXX Database Query, ICNAM, Misc. Elements, UNE Combination, EEL, Access to Poles, Ducts, Conduits & ROW, OSS, Bona Fide Request	06/19/02	06/26/02	06/28/02	07/01/02			6/19/021 Order was a Bench order, paper issued 9/23/02



# EXHIBIT D

## Commission Staff's 22nd Set of Data Requests

Rate Product #	Order	Compliance Filing	Compliance Approval	Rate Effective Date	Billing Systems Imple.	True-up Complete	Comments
<b>NM (Interim)</b> 3435  Resale, Interconnection, Collocation, UNEs, Subloop, Line Sharing, NID, UDIT, Unbundled Dark Fiber, Shared Transport, Local Tandem Sw., Local Sw., Customized Routing, Common Channel Signaling, ICNAM, Misc. Charges, UNE Combination, EEL, Unbundled Packet Switching, Access to Poles, Ducts, Conduits & ROW, OSS, Bona Fide Request Process	08/27/02	08/30/02	10/29/02	08/27/02			Went into effect by operation of law
<b>WA Pt B</b> UT-003013  UNEs, Subloop, Line Sharing, UDIT, Unbundled Dark Fiber, Local Tandem Sw., Local Sw., UNE Combinations, EEL, Access to Poles, Ducts,	06/21/02	6/28/02 07/25/02	7/19/02 8/27/02 12/6/02	7/28/02 8/27/02			REC rates approved, NRC compliance filing 12/6/02, but need final order on NRC
<b>OR (REC)</b> M 773  UNEs, NID, Unbundled Dark Fiber, Local Tandem Sw., LIDB, 8XX Database Query	05/28/02	08/23/02					Compliance filing made, waiting for Commission order
<b>MN</b> CI-01-1375  Resale, Interconnection, Collocation, UNEs, Subloop, NID, Unbundled Dark Fiber, Shared Transport, Local Tandem Sw., Local Sw., 8XX Database Query Service, Misc. Charges, UNE Combinations, EEL, Unbundled Packet Switching, Local Number Portability, Access to Poles, Ducts, Conduits & ROW, Bona Fide Request Process	10/02/02						Parties have comments on order, Commission to rule on comments

# EXHIBIT D

Arizona  
Docket No. T-00000A-00-0194  
STF 22-292

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 292

The following questions relate to the statement, "Based on current implementation schedules, Qwest believes that implementation of Arizona ordered rates will be complete sometime in mid-December 2002":

a. Please provide Qwest's "current implementation schedule" for all wholesale rates changes to be implemented in Arizona and any other Qwest states.

b. Please indicate how it was determined by Qwest that the ordered rates in Arizona will not be implemented until mid-December 2002.

## RESPONSE:

a. See Confidential Attachment A & Attachment B to this response for the implementation schedule for wholesale rate changes to be implemented.

b. Qwest has been actively working to implement the rates ordered by the Arizona Corporation Commission since the Commission issued Decision No. 64922. Qwest made the compliance filing associated with this docket on June 26, 2002, and then began the detailed implementation process. As noted in other responses to these data requests, the implementation of a cost docket is an extremely complex undertaking that requires a significant amount of detailed work to be accomplished for each CLEC contract. The statement in the letter was meant to provide AT&T with the point in time when that implementation would be completed and the rates, together with associated credits back to the effective date of the Commission's decision, would be reflected on their (and other CLEC) bills. The mid-December date is the earliest date Qwest could implement the rates given factors such as number of rate elements and system changes needed to implement the new rates, number of other states with cost docket decisions and the resources available to accomplish the task.

Respondent: Carolyn Hammack

**EXHIBIT D**

**CONFIDENTIAL**

**AND**

**PROPRIETY**

**INFORMATION ON THIS PAGE**

## EXHIBIT D

ARIZONA  
DOCKET NO. T-00000A-00-0194  
STF 22-292(a)  
ATTACHMENT B

Date Docket #	Type of Case	Benchmark filing	Benchmark Approval	Rate Effective Date	Billing Systems Imple.	True-up Complete	Comments
NE C-2516/PI-49, C-2666, C-2750	271 ROC 1	05/24/02	06/05/02	06/07/02	08/02/02	09/03/02	Order issued approving the filing
ND PU-314-97-193 & PU-314-00-282	271 ROC 1	05/30/02	06/05/02	06/07/02	09/19/02	09/30/02	Order issued approving the filing
NE C-2516/PI-49, C-2666, C-2750	271 ROC 1A	06/05/02	06/05/02	06/07/02	09/19/02	09/30/02	Order issued approving the filing
IA TF-02-202	271 ROC 1	05/16/02	06/07/02	06/05/02	08/16/02	09/16/02	Order issued approving the filing
ID USW-T-00-3	271 ROC 1	05/24/02	06/10/02	06/07/02	09/19/02	09/16/02	Order issued approving the filing
CO 02M-260T	271 ROC 1	06/12/02	06/13/02	06/12/02	09/19/02	09/30/02	Order issued approving the rates
WA UT-003022 & UT-003040	271 ROC 2	06/11/02 07/02/02	07/01/02	07/10/02	08/12/02	10/08/02	Order issued approving the filing
UT 00-049-08	271 ROC 2	07/02/02	07/08/02	07/10/02	10/07/02	10/18/02	Order issued approving the filing
00-TA-00-599	271 ROC 2	07/01/02	07/09/02	07/10/02	08/19/02	10/08/02	Record No. 5924 approving the filing
MT D2000.6.80	271 ROC 2	07/03/02	07/09/02	07/10/02	10/07/02	10/18/02	* approved in Work Session, no paper order issued
CO 02M-260T	271 ROC 1A	08/02/02	08/14/02	08/15/02	09/13/02	09/30/02	Orally approved in weekly meeting
WY 70000-TA-00-599	271 ROC 2A	08/29/02	09/27/02	07/10/02			Approved in Record No. 7771
ID USW-T-00-3	271 ROC 1A	08/05/02	10/04/02	06/07/02	09/19/02	09/30/02	*No order was issued, by operation of law, became effective.
IA TF-02-202	271 ROC 1A	08/05/02	10/04/02	06/05/02	09/19/02	09/30/02	*No order was issued, by operation of law, became effective.
ND PU-314-97-193 & PU-314-00-282	271 ROC 1A	08/05/02	08/16/02	06/07/02	09/19/02	09/30/02	Approved in the Commission's 8/16/02 meeting, no order to be issued.
MT D2000.6.80	271 ROC 2A	08/30/02	10/11/02	10/08/02	10/07/02	10/18/02	Order No. 6425a
NM 3269 & 3537	271 ROC 3	08/30/02	10/29/02	10/29/02			*No order was issued, by operation of law, became effective.
UT 049-08	271 ROC 2A	08/05/02	10/29/02	06/07/02			*No order was issued, by operation of law, became effective.

# EXHIBIT D

Docket #	Type of Case	Benchmark filing	Benchmark Approval	Rate Effective Date	Billing Systems Imple.	True-up Complete	Comments
NE C-2516/PI-49, C-2666, C-2750	271 ROC 1A	08/05/02	10/04/02	06/07/02	09/13/02	09/30/02	Order confirming it went into effect
WA UT-003022 & UT-003040	271 ROC 2A	09/25/02					Waiting for WUTC ruling

# EXHIBIT D

Arizona  
Docket No. T-00000A-00-0194  
STF 22-293

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 293

Please list all states (including Arizona) where wholesale rates changes have been or are being implemented by Qwest in order of the date implemented or to be implemented.

## RESPONSE:

Please see Attachment A to LD-291. In addition to responding to the questions in LD-291, it also contains a listing by state, the date implemented or to be implemented.

Respondent: Timothy Dowd

# EXHIBIT D

Arizona  
Docket No. T-00000A-00-0194  
STF 22-294

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 294

Have any wholesale rate reductions, whether as a result of voluntary agreement or commission order effective after June 12, 2002 been fully implemented by Qwest?

RESPONSE:

Voluntary rate reductions after June 12, 2002 have been implemented. See Attachment B to LD-292(a). No Commission Orders after June 12, 2002 have been fully implemented. See Attachment A to LD-291.

Respondent: Cindy Pierson

# EXHIBIT D

Arizona  
Docket No. T-00000A-00-0194  
STF 22-295

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 295

If so, and assuming the Arizona rates in Decision 64922 have not yet been fully implemented, provide a detailed explanation of why other state rates effective after June 12, 2002, have been fully implemented, while rates ordered in Decision 64922 have not.

## RESPONSE:

All comprehensive cost docket decisions have been implemented sequentially in the order of their effective dates. Only certain limited voluntary rate reductions were implemented prior to the implementation of the Arizona wholesale rates. A substantially smaller number of rates needed to be modified in these cases. In addition, since these rate changes were made based on reference to rates adopted in Colorado as benchmark rates, it was more efficient to implement these changes on an integrated basis.

Respondent: Barbara Cornwell



# EXHIBIT D

Arizona  
Docket No. T-00000A-00-0194  
STF 22-296

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 296

Please refer to the following statement in responding to the next set of questions: "As you are aware, billing disputes and rate implementation matters are subject to the escalation procedures contained in the interconnection agreement between Qwest and AT&T, and normally are addressed, at least initially, through that process."

- a. Please indicate whether Qwest has implemented the new wholesale rates ordered by Decision 64922 for any CLEC in Arizona.
- b. If the answer to question LD-296(a) is yes, please indicate for which CLECs Qwest has implemented the rates in Arizona and the date of implementation. If the answer to question LD-296(a) is yes, why would Qwest implement the rates for some CLECs but not others.
- c. Please indicate whether Qwest believes that its compliance with an ACC order is governed by the terms of an interconnection agreement with a specific carrier.

## RESPONSE:

(a): No. Qwest is in the process of implementing the wholesale rates ordered by Decision No. 64922 for all CLECs in Arizona.

(b): See response to LD-296(a).

(c): Qwest does not believe that any public service corporation's obligation to comply with a Commission order is governed by the terms of an interconnection agreement or any other agreement between carriers. As indicated in the answers to other parts of this set of data requests, Qwest believes that it is complying with Decision No. 64922 by implementing the rates set in that order as soon as practicable and treating those rates as applying since the effective date of the order for true-up purposes. Further, Qwest believes that interconnection agreements between it and various CLECs contain informal dispute resolution methods that are available to the parties as an alternative to formal proceedings before the Commission.

Respondents: Carolyn Hammack and Legal

# EXHIBIT D

Arizona  
Docket No. T-00000A-00-0194  
STF 22-297

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 297

Please indicate how long it took US West to fully implement the rates contained in ACC Decision 60635 issued on January 30, 1998.

## RESPONSE:

Decision No. 60635 issued on January 30, 1998 set permanent interconnection, resale and UNE rates, replacing interim rates that had been adopted in individual arbitrations conducted by the Commission pursuant to Section 252 of the Telecommunications Act of 1966 between U S WEST and the CLECs. Decision No. 60635 increased numerous rates above the initial, interim level set by the Commission. For example, the unbundled loop rate was raised from approximately \$18.00 to \$21.98. The process of implementing the rates set forth in that Decision (except collocation rates) was completed in the First Quarter of 1999 - approximately one year after the Commission issued the Decision. Adjustments or true-ups resulting from implementing the new rates were made at that same time. Due to difficulties in implementing the collocation rates resulting from the Decision, collocation rates were not fully implemented until January 1, 2002. This process was completed through a mechanized SCRUB in IABS. Adjustments or true-ups based on those rates also were not completed until that time. Qwest is unaware of any complaints by CLECs over the process of implementation of the rates set in Decision No. 60635.

Respondent: Barbara Cornwell

# EXHIBIT D

Arizona  
Docket No. T-00000A-00-0194  
STF 22-298

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 298

Does Qwest plan to compensate the CLECs for the delay in implementing the new rates? How?

RESPONSE:

Again, Qwest has not delayed its implementation process for the rates ordered in the Arizona cost docket. The implementation process is complex and, consequently, takes a period of time to complete. While Qwest is working to complete the implementation as quickly as possible, it understands that the length of time that will pass until the CLECs see the associated rate changes on their billing is a concern. Where a rate was reduced by the Commission Decision, Qwest will be issuing credits to the CLECs for the difference between the rate they were charged after the effective date of the Commission's decision and rate ordered by the Commission in the cost docket. Qwest will pay interest (at the rate of 6% simple interest) on that difference. The interest will be in the form of additional bill credits to the CLECs from the effective date of the Order (June 12, 2002).

Respondent: Carolyn Hammack

# EXHIBIT D

Arizona  
Docket No. T-00000A-00-0194  
STF 22-299

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 299

When did Qwest first notify the Commission that there would be a delay in implementation of the wholesale rates ordered in Decision 64922.

## RESPONSE:

Qwest did not notify the Commission that there would be a delay in implementation of the wholesale rates ordered in Decision No. 64922 because Qwest did not believe it was delaying the implementation. As noted in previous responses, Qwest has been actively working to implement the Arizona Corporation Commission's decision since Decision 64922 was issued. Qwest made a compliance filing on June 26, 2002 and continues to perform the necessary tasks to complete that implementation. In hindsight, Qwest acknowledges it should have advised the Commission of the implementation timeline. In the future, Qwest will notify the Commission of the implementation timeframe.

Respondent: Carolyn Hammack

# EXHIBIT D

Arizona  
Docket No. T-00000A-00-0194  
STF 22-300

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 300

What Commission Order is Qwest relying upon to stay or delay implementation of the wholesale rates ordered in Decision No. 64922.

## RESPONSE:

As stated in our previous response(s), Qwest is taking all necessary action to implement the Commission's Order as expeditiously as possible.

Respondent: Carolyn Hammack

# EXHIBIT D

Arizona  
Docket No. T-00000A-00-0194  
STF 22-301

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 301

In reference to your statement that "AT&T will receive a credit for interim rates paid over the ordered amount from the effective date of June 12, 2002," upon what authority or Commission order does Qwest rely to declare that the current rates are interim rates.

## RESPONSE:

Qwest does not view the current rates as interim. Qwest's intent with the sentence referenced was to explain that the CLECs would be receiving credits for the difference between the rates ordered in the Commission's decision and the rates that the CLECs pay during the time period that Qwest is in the process of implementing the Commission's Decision. Qwest's intent was to make clear that the CLECs would receive the full benefit of the rates ordered by the Commission in Decision 64922.

Respondent: Carolyn Hammack